

WHEAT REPORT

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CHAIRMAN'S MESSAGE



Kent Erickson
Chairman

Canadian Prairie Spring Red (CPSR) is one of the most up-and-coming classes of wheat in Western Canada—and with good reason. CPSR works well agronomically and has a growing place in the international market, which offers good returns for farmers.

CPSR is also about to further strengthen the Canadian wheat brand, thanks to a new partnership between the Alberta Wheat Commission (AWC), Agriculture and Agri-Food Canada (AAFC) and Canterra Seeds Ltd.

AWC was proud to have Gerry Ritz, minister of agriculture and agri-food, join us in July at the Lethbridge

Research Centre (LRC) to announce the new partnership. It will be structured as a 4P, meaning a public-private-producer partnership. AWC, AAFC and Canterra are investing a combined \$3.4 million over five years, which will revitalize the CPSR breeding program at the LRC, led by Dr. Harpinder Randhawa.

The partnership combines expertise and resources from across the wheat value chain. It will see new varieties of CPSR wheat from their early breeding stages through commercialization, with input at every stage of the process from groups involved in the 4P.

AWC's role in the 4P is to offer the producer's perspective through our membership in the management committee. AWC will share in royalties from the sale of CPSR wheat resulting from this breeding program. In turn, we intend to commit those royalties back to further research and development.

AAFC has a long-standing history of

expertise in wheat breeding and looks forward to the new CPSR varieties that Dr. Randhawa will bring to the table. Canterra provides the private perspective, along with additional technical and field-testing capacity, first-rate research facilities, and knowledge of and global connections in the international seed market. Canterra will receive the first right of refusal on a stream of future CPSR varieties. For AWC, the partnership is about leveraging farmer dollars to ensure access to premium varieties of CPSR that offer a high return on investment. We see this as an opportunity for western Canadian farmers to grow their competitive advantage and, ultimately, make better returns.

AWC is extremely proud to be part of this new partnership. We look forward to realizing the full potential of CPSR wheat for the benefit of farmers and the Canadian economy. Throughout this spread, you will learn more about the 4P, the growing potential of CPSR in the marketplace and what that potential could yield for farmers.

THE MAKING OF THE LETHBRIDGE CPS AGREEMENT



Tom Steve
**General
Manager**

The story of the Canadian Prairie Spring Red (CPSR) 4P partnership began in 2013 with the retirement of Doug Brown, a breeder at the Agriculture and Agri-Food Canada (AAFC) Cereal Research Centre in Winnipeg. AAFC did not fill Brown's position but kept the program running on a reduced basis.

Enter Dr. Harpinder Randhawa, research scientist at AAFC's Lethbridge Research Centre (LRC), who was later

put in charge of CPSR breeding. He travelled to Winnipeg, loaded up the CPSR germplasm and took it back to Lethbridge.

Next, enter Dr. George Clayton, executive director of partnerships at the LRC, who came up with a novel approach to revitalize the program. In early 2014, Clayton issued a request for proposals for firms to provide funding and services to the CPSR program, and Canterra Seeds Ltd. stepped forward.

From there, Clayton entered into discussions with the Alberta Wheat Commission (AWC) about a public-private-producer partnership—a first for AAFC. Months of negotiations ensued, and on July 8, minister Gerry Ritz, AWC chair Kent Erickson and Canterra CEO David Hansen announced the partnership.

What's different about this agreement? All public wheat-breeding programs in Canada feature a combination of taxpayer and producer funding but, until now, AAFC—the dominant player in wheat breeding—has not attracted private-sector funding.

What's in it for Alberta farmers? In exchange for our contribution, AWC will ensure that farmers have access to the best CPSR varieties in a province that grows close to 80 per cent of all CPSR wheat in Western Canada. In addition, AWC is entitled to royalties from the sale of new varieties that would otherwise be paid to AAFC and go back into government coffers. Instead, the royalties will be used to develop new varieties. The Western Grains Research Foundation also gets a share of the royalties for its core support (also through producer dollars) of AAFC research.

What's in it for Canterra? It will get first right of refusal to commercialize 50 per cent of the lines that result from the program. The remainder will be put out to public tender.

All in all, this is a win for Alberta farmers and a potential path forward as we consider how farmers should be involved in variety development of wheat in the future.

Tom Steve



The Alberta Wheat Commission has launched the first phase of its web-based Price & Data Quotes (PDQ) service. PDQ aims to be a complete and unbiased resource for cash market prices and crop data. PDQ will improve farmers' ability to make well-informed marketing decisions and to maximize the value of their crops.

Phase one of the website offers:

- ✓ Daily spot and forward bid prices for CWRS, CPSR, CWAD, canola and yellow peas at all country locations provided by the major grain companies
- ✓ Information compiled into regional price averages across nine zones covering Western Canada
- ✓ Futures market closing prices, average wheat grade and protein spreads, local weather and foreign exchange rates

Phase two will include:

- ✓ Customizable functionality and charting capabilities
- ✓ AWC will endeavour to add additional commodity prices
- ✓ Improved basis information that is linked to futures feeds

Visit pdqinfo.ca to learn more, and send your feedback to pdq@albertawheat.com

MARKET CENTS

Diversity key to accessing new buyers



**Caalen
Covey
Business
Development
and Markets
Manager**



As the global population continues to grow, concerns over food security and sustainable food sources rise. Food security is a growing concern for many countries where urbanization of farmland has reduced production capabilities. Reduced farmland means that investment and development in the crop research sector is a must.

The 4P (public-private-producer partnership) between the Alberta Wheat Commission, Agriculture and Agri-Food Canada, and Canterra Seeds Ltd. is a great example of how Canada is looking at ways to increase global supply and, most importantly, Canadian supply. The partnership focuses on Canadian Prairie Spring Red (CPSR) wheat, a class with large production potential when grown in ideal conditions, especially in Alberta. Alberta producers grow around 80 per cent of Canada's total supply of CPSR, which is mostly fed into the domestic market.

Historically, Canada's wheat industry has been dominated by one main class of bread wheat, Canada Western Red Spring (CWRS). CWRS is highly competitive in the export market from

a quality standpoint, with strong gluten content and high protein levels. It is also known in many export markets as a flour improver and is highly regarded. For end uses, CWRS is prominent in high-density breads and is widely used for noodle production around the world.

CPSR, on the other hand, is an emerging class of bread wheat. It is known to have very similar attributes to CWRS, with the main difference being that CPSR is a mid-protein wheat with greater yield potential. The qualities of CPSR make it suitable for noodle and flatbread production but, unlike CWRS, CPSR has struggled to build export market share.

If we evaluate global import markets that contain consumers who eat noodles and flatbreads, we start to see the potential for CPSR, but one main question comes to mind: Why has CPSR not been successful in the export market? The simple answer: Canada does not have a consistent and reliable supply for its customers. If buyers are willing to change their operations to use CPSR wheat, they need to know they will have a supply available to them on a regular basis.

A recent study by LMC International Ltd., an independent economic research consultancy, reports that, because Canada has been focused on CWRS in the past, "Canadian wheat typically services a more limited range of products than its competitors." If we look at the United States, for example, they have Hard Red Winter (HRW) and Dark Northern Spring (DNS) wheat classes. HRW is a mid-protein wheat, and DNS can be considered a high-protein wheat, much like CPSR and CWRS, respectively. With the ability to supply a larger range of wheat protein levels, the United States can actively pursue a larger market.

If we look at it this way, Canada has a high-quality, mid-protein wheat with great agronomics in CPSR. Global demand for wheat like CPSR is growing, and Canada has the potential to tap into this market. Industry collaboration is needed to break through some of the current logistical and supply constraints. Otherwise, Canada may lose production potential and supply competitiveness to other, more diversified wheat-producing countries.

SPOTLIGHT ON RESEARCH

The Canadian Prairie Spring Red breeding program receives much-needed renewal



**Hannah
Konschuh
Interim
Research
Manager**

Canadian Prairie Spring Red (CPSR) growers in Alberta and across Western Canada will have new and improved varieties to look forward to, thanks to the revitalized CPSR wheat-breeding program, a 4P (public-private-producer partnership) between the Alberta Wheat Commission, Agriculture and Agri-Food Canada, and Canterra Seeds Ltd. This unique partnership was created to strengthen the CPSR breeding program at the Lethbridge Research Centre (LRC) and improve farmers' access to premium CPS varieties that will ultimately lead to better profitability.

Dr. Harpinder Randhawa leads the CPSR breeding program at the LRC. "The focus of the breeding program is to improve agronomic performance and disease resistance, while maintaining good milling and baking quality," said Randhawa. The priority traits for his new CPSR varieties are high grain yields, excellent straw strength, and improved resistance to rusts, Fusarium head blight, and wheat midge.

The CPSR breeding program combines both traditional breeding methods and more modern tools, like doubled-haploid production and marker-assisted selection. "The combination of these methods, along with the use of contra season nurseries, allows cultivar development to be tailored to farmer-specific needs and accelerates the breeding process," added Randhawa.

The 4P will add additional field-testing capacity and quality analysis, along with increased resources and support, to assess the merit of new lines.

"This investment in CPSR breeding will allow genetic enhancement of CPSR to keep pace with Canada Western Red Spring (CWRS) development."

A number of parameters make CPSR a great option for producers. Newer varieties have been adapted to various agro-ecological zones in Western Canada and have excellent disease resistance and strong yield potential. The yield advantage of CPSR over CWRS is approximately 15 per cent. The slightly lower protein content and gluten strength of CPSR are what many of Canada's global customers require for products such as noodles, flatbreads and hearth breads.

What should farmers watch for from Randhawa's program? Two new CPSR lines were recently recommended for registration as varieties at this year's Prairie Grain Development Committee (PGDC) meeting: AAC Entice and AAC Crossfield. Both are semi-dwarf in stature, have excellent straw strength and high grain yield. Additionally, both show excellent resistance to leaf, stem and stripe rust. These traits, combined with great end-use quality, make these two varieties you'll want to keep your eye on.

MEET THE AWC STAFF



**Caalen Covey
Business Development and
Markets Manager**

Caalen Covey joined the Alberta Wheat Commission management team in April of 2015. Covey grew up on a grain farm in Beechy, SK, and made his way to Calgary in 2012 to work on the grain transportation desk at Louis Dreyfus Commodities Canada Ltd. after completing his master of science in agricultural economics. He made the career shift to AWC to become more involved in the markets side of our industry and build relationships with farmers and the agriculture industry.

Since joining AWC, Covey has led files such as our Price and Data Quotes (PDQ) website, and a submission to the Canada Transportation Agency (CTA) review panel that made recommendations to quantify railway reciprocal penalties and improve interswitching. Covey will continue to take the lead on our Maximum Residue Limit (MRL) trade restrictions in collaboration with Cereals Canada.

When Covey isn't working on business development and markets at AWC, he's often hiking or skiing Alberta's trails with his fiancée Danna.